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Concession Audit of  
Shermen's Grotto

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**PORT COMMISSION:**

Concession Audit of  
Fishermen's Grotto

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Audit Number 01063  
April 5, 2002





Edward Harrington  
Controller

April 5, 2002

Audit Number 01063

San Francisco Port Commission  
Ferry Building, Suite 3100  
San Francisco, CA 94111

President and Members:

The Controller's Audits Division presents its report concerning the concession audit of Fishermen's Grotto. Fishermen's Grotto has a 66-year lease with the Port Commission (Port) of the City and County of San Francisco to operate a restaurant, gift shop, and crab stand on Port property.

**Reporting Period:** July 1, 1998, through June 30, 2001

**Rent Paid:** \$1,397,012

**Results:** Fishermen's Grotto correctly reported its gross receipts of \$21,469,608 and correctly paid its rent to the Port.

Respectfully submitted,

Noriaki Hirasuna  
Director



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# INTRODUCTION

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## BACKGROUND

Fishermen's Grotto has a 66-year lease, which expires on April 30, 2036, with the Port Commission (Port) of the City and County of San Francisco to operate a restaurant, gift shop, and crab stand on Port property. The lease requires Fishermen's Grotto to pay to the Port the greater of a minimum monthly rent or a specified percentage of its monthly gross receipts. The Port specified a percentage rent of 6.5 percent of gross receipts from food and all items sold through the bar, including outdoor crab stand sales. The percentage rent for all other uses is 8.5 percent. During the audit period, the monthly minimum rent ranged from \$18,083 to \$21,321.

## SCOPE AND METHODOLOGY

The purpose of this audit was to determine if Fishermen's Grotto complied with the reporting and payment provisions of its lease with the Port. Our review covered the period from July 1, 1998, through June 30, 2001. To conduct the audit, we reviewed the applicable terms of the lease and the adequacy of Fishermen's Grotto's procedures for collecting, recording, summarizing, and reporting its gross receipts to the Port. To determine whether Fishermen's Grotto accurately reported its gross receipts to the Port, we compared its reported gross receipts to the gross receipts Fishermen's Grotto reported in its monthly summary records for all months of the audit period. On a sample basis, we examined Fishermen's Grotto's monthly sales records, daily sales reports, cash register tapes, and bank deposit records. We also compared for selected quarters the gross receipts Fishermen's Grotto reported to the Port with the gross receipts Fishermen's Grotto reported to the California Board of Equalization.





# AUDIT RESULTS

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## FISHERMEN'S GROTTO CORRECTLY REPORTED ITS GROSS RECEIPTS AND CORRECTLY PAID ITS RENT

From July 1, 1998, through June 30, 2001, Fishermen's Grotto correctly reported \$21,469,608 in gross receipts and correctly paid rent of \$1,397,012 in rent to the Port. The table below shows the reported gross receipts and rent paid to the Port.

### TABLE

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**Gross Receipts Reported and Rent Paid  
July 1, 1998, Through June 30, 2001**

	Gross Receipts	Rent Paid
July 1, 1998, through June 30, 1999	\$6,680,319	\$434,674
July 1, 1999, through June 30, 2000	7,359,985	478,969
July 1, 2000, through June 30, 2001	7,429,304	483,369
Total	\$21,469,608	\$1,397,012

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Elisa Sullivan, Audit Manager  
Sam Appiah

cc: Mayor  
Board of Supervisors  
Civil Grand Jury  
Public Library





